

## Message Text

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PAGE 01 MANILA 08820 261121Z  
ACTION TRSE-00

INFO OCT-01 EA-10 ISO-00 NEA-11 IO-13 H-01 L-03 PA-01  
SP-02 ICA-11 AID-05 EB-08 NSC-05 SS-15 STR-07  
OMB-01 CEA-01 CIAE-00 COME-00 FRB-03 INR-10  
NSAE-00 XMB-02 OPIC-03 LAB-04 SIL-01 /118 W  
-----124486 261515Z /50  
R 260858Z MAY 78  
FM AMEMBASSY MANILA  
TO SECSTATE WASHDC 6364

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USADB

FOR NAC AGENCIES

EO 11652:N/A  
TAGS:EAID, EFIN, ADB  
SUBJECT: ADB BOARD ACTION ON JAPANESE YEN BOND ISSUE.

1. IN A MEETING ON MAY 25, THE ADB BOARD OF DIRECTORS  
AUTHORIZED THE JAPANESE YEN BOND BORROWING FOR 15 BILLION  
YEN (ABOUT U.S. 66.2 MILLION DOLLARS) AT 6.3 PERCENT P.A.  
INTEREST RATE PAYABLE SEGTTGAANNUALNY, 15 YEAR MATURITY  
WITH MANDATORY REDEMPTIONS COMMENCING IN SIXTH YEAR AND  
AVERAGE LIFE OF 12.3 YEARS. ISSUE PRICE IS 99.75 PERCENT  
AND UNDERWRITING COMMISSION IS 1.75 PERCENT AND 0.1  
PERCENT FEE TO COMMISSIONED COMPANIES. PAYING AGENT FEE  
IS SET AT .3 PERCENT OF INTEREST PAID AND .2 PERCENT OF  
PRINCIPAL AMOUNT OF ANY REDEMPTIONS WHICH THEY PROCESS.  
INDUSTRIAL BANK OF JAPAN LTD WILL RECEIVE FEE OF .08  
PERCENT OF PRINCIPAL AMOUNT OF BONDS RECORDED. EFFECTIVE  
YIELD TO PURCHASER IS 6.32 PERCENT AND ESTIMATED COST TO  
BANK IS 6.597 PERCENT. SAVINGS TO BANK AS RESULT OF  
POSTPONING THE ISSUE FROM FEBRUARY 1978 IS ESTIMATED AT  
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U.S. 3.3 MILLION DOLLARS OVER THE PERIOD OF ISSUE. THIS  
BRINGS CUMULATIVE BANK BORROWING IN 1978 TO U.S. 225  
MILLION DOLLARS OR 25 PERCENT OF TARGAY FOR YEAR.

2. MANAGEMENT ALSO ANNOUNCED THAT IT PLANS TO RESTRUCTURE  
ITS DEBT WITH REDEMPTION OF THE APRIL 1974 YEN BOND ISSUE  
OF 7.5 BILLION YEN AT 7.25 PERCENT OCTOBER 20, DUE DATE

FOR FIRST PAYMENT. BANK MANAGEMENT EXPLAINED THAT IT HAD ENTERED INTO NEGOTIATION WITH JAPANESE EX IM BANK SEVERAL MONTHS AGO TO ENSURE THAT REDEMPTION OF THIS ISSUE WOULD NOT CREATE ADVERSE CONDITIONS FOR INVESTORS CURRENTLY IN THE MARKET AND THAT THIS ACTION WOULD NOT IMPAIR ADB'S GOOD RELATIONS WITH THE JAPANESE. THE JAPANESE EX IM BANK GAVE ADB ASSURANCES THAT THE REDEMPTION WOULD NOT ADVERSELY AFFECT FUTURE RELATIONS BETWEEN IT AND THE ADB. ADB MANAGEMENT ESTIMATES THAT ITS BENEFITS FROM THIS REDEMPTION WILL BE A SAVINGS OF U.S. 3.4 MILLION DOLLARS IN INTEREST PAYMENTS AFTER OCTOBER 20. BOARD MEMBERS WERE GENEROUS IN THEIR PRAISE TO JAPANESE EX IM BANK FOR ITS FAVORABLE TREATMENT OF BANK. EDMOND

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NNN

## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 jan 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** GOVERNMENT BONDS, INTEREST RATES  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 26 may 1978  
**Decaption Date:** 01 jan 1960  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 20 Mar 2014  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
**Document Number:** 1978MANILA08820  
**Document Source:** CORE  
**Document Unique ID:** 00  
**Drafter:** n/a  
**Enclosure:** n/a  
**Executive Order:** N/A  
**Errors:** N/A  
**Expiration:**  
**Film Number:** D780223-0169  
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**Original Classification:** LIMITED OFFICIAL USE  
**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
**Original Previous Handling Restrictions:** n/a  
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**Previous Channel Indicators:** n/a  
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**Previous Handling Restrictions:** n/a  
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**Review Release Date:** n/a  
**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**SAS ID:** 2551971  
**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** ADB BOARD ACTION ON JAPANESE YEN BOND ISSUE.  
**TAGS:** EAID, EFIN, JA, ADB  
**To:** STATE  
**Type:** TE  
**vdkgvwkey:** odbc://SAS/SAS.dbo.SAS\_Docs/a1deb695-c288-dd11-92da-001cc4696bcc  
**Review Markings:**  
Sheryl P. Walter  
Declassified/Released  
US Department of State  
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